Leveraged Loan Insight & Analysis – 7/20/2015

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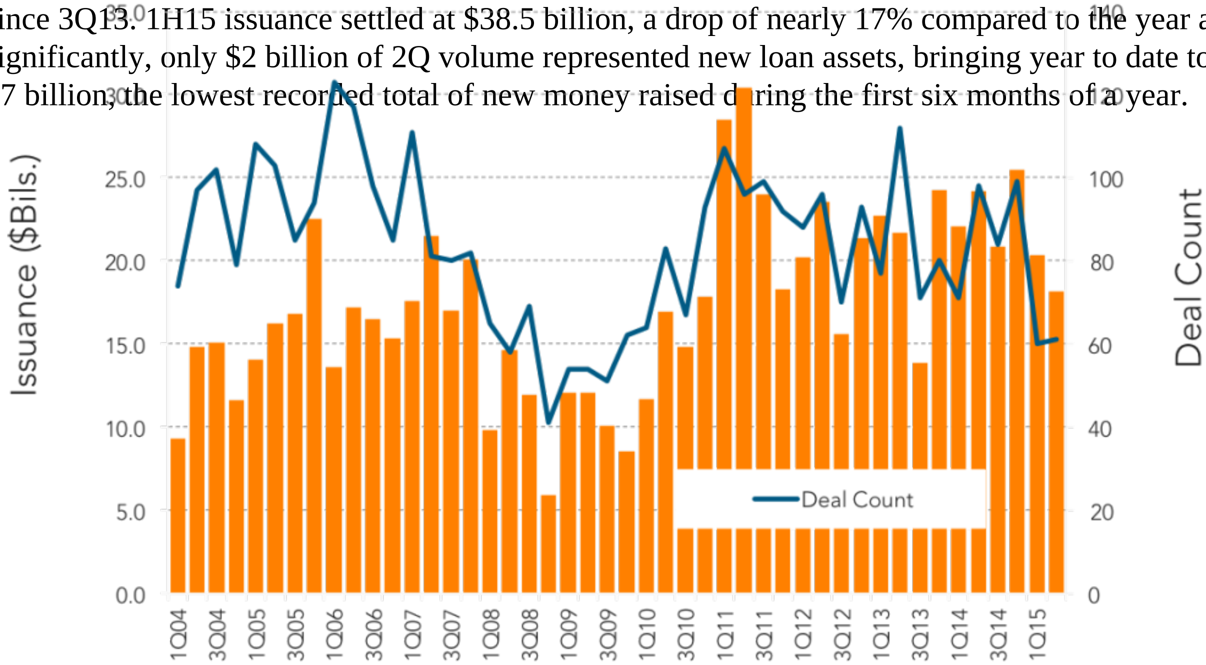
2Q15 ABL volume at lowest level in nearly 2 years; 1H15 total down 17% y-o-y

ABL volume tumbled in 2Q15 to close out the period at just over $18 billion, the lowest quarterly volume results since 3Q13. 1H15 issuance settled at $38.5 billion, a drop of nearly 17% compared to the year ago period. More significantly, only $2 billion of 2Q volume represented new loan assets, bringing year to date totals to less than $7 billion, the lowest recorded total of new money raised during the first six months of a year.



With 94 percent of total issuance concentrated among refinancings, M&A lending was limited to 6 percent of total volume. Compare this to trends pre-credit crisis and pre-regulatory implementation when M&A lending made up well over 20 percent of issuance (and as much as 35 percent in 2007) and sponsored lending represented about 50 percent of issuer volume. Given the current strength of the stock market and valuations, there is little to suggest that there may be any imminent increase in buyout financings, so any increase in ABL volume through 3Q15 remains uncertain at best.

THE NEW LOAN MARKET – READY OR NOT, HERE IT COMES –
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